

# Huntcliff Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018

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Forrester Boyd  
26 South Saint Mary's Gate  
Grimsby  
N E Lincolnshire  
DN31 1LW

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# **Huntcliff Academy Trust**

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# Huntcliff Academy Trust

## Reference and Administrative Details

<b>Members</b>	S Aldridge Dr P Frankish I Haywood M J Rands R L Whipps
<b>Governors and Trustees (Directors)</b>	S A Bond, logistics committee (resigned 31 October 2017) N A Cooke, logistics committee P Daley (appointed 30 October 2017) M Dickinson, logistics committee M Dulson E E Gibbs Dr P Frankish, Chair of Trustees, logistics committee I Haywood, logistics committee A Millward (resigned 13 June 2018) A Naish (appointed 1 December 2017) J E Sugden (resigned 30 January 2018) R L Whipps, logistics committee J G Wigmore, logistics committee A C Willey
<b>Company Secretary</b>	M S Tomlinson
<b>Senior Management Team</b>	P Daley (appointed 30 October 2017), Headteacher P Hartley, Deputy Head P Clayton, Assistant Headteacher K Ashwood, Assistant Headteacher J Gothorp (appointed 30 October 2017), Business Manager
<b>Principal and Registered Office</b>	Redbourne Mere Kirton-in-Lindsey Gainsborough Lincolnshire DN21 4NN
<b>Company Registration Number</b>	07897108
<b>Auditors</b>	Forrester Boyd 26 South Saint Mary's Gate Grimsby N E Lincolnshire DN31 1LW

## **Huntcliff Academy Trust**

### **Reference and Administrative Details (continued)**

**Bankers**           Lloyds TSB  
                      106 High Street  
                      Scunthorpe  
                      N Lincolnshire  
                      DN15 6HG

**Solicitors**       Ward Hadaway  
                      1A Tower Street  
                      Wellington Street  
                      Leeds  
                      LS1 4DL

## **Huntcliff Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' annual report, incorporating the strategic report, and a directors' report under company law. The trust operates an academy for pupils aged 11-16 serving a catchment area in North Lincolnshire. It has pupil capacity of 702 and had a roll of 535 in the school census on 17th May 2018.

#### **Structure, governance and management**

##### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07897108.

The Governors act as the trustees for the charitable activities of Huntcliff Academy Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Huntcliff Academy Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

##### ***Members' liability***

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

##### ***Trustees' indemnities***

The academy trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

##### ***Method of recruitment and appointment or election of Trustees***

The Members may appoint up to 13 Trustees. The Headteacher shall be treated as being an ex officio Trustee. Up to 3 Staff Trustees may be appointed. A minimum of 2 Parent Trustees may be appointed. Elections for Parent Trustees allow one ballot paper for each parent to complete irrespective of the number of children they have attending the school. The Trustees may appoint up to 3 co-opted Trustees.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

##### ***Policies and procedures adopted for the induction and training of Trustees***

The training and induction for Trustees is personalised and dependent on their existing experience. The Academy has a service level agreement with the local authority for training for Trustees. There are regular training sessions throughout the year set up at the beginning of the termly Trustees' meetings and all Trustees are invited. All Trustees involved in the appointment of staff attend training on safer recruitment and the Trustees responsible for the performance management of the Headteacher attend specific training on this before they take up this duty.

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions whilst on Academy business.

## **Huntcliff Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2018 (continued)**

#### ***Organisational structure***

The Academy Trust consists of five Members and a Board of Trustees who lead on the strategic direction of the school and then there is a senior leadership team who manages the day-to-day running of the school and reports to the Board of Trustees.

The Trustees are responsible for setting the general policy, adopting the annual school improvement plan and budget, monitoring the Academy by use of the budgets and making decisions about the strategic direction of the Academy and teaching staff appointments.

The senior leadership group consists of the Headteacher, one Deputy Headteacher, two Assistant Headteachers and a Business Manager. This group lead the Academy at an executive level implementing policies laid down by the Trustees and reporting back to them. As a group they are responsible for the monitoring of the spending within agreed budgets, designing and implementing the school improvement plan, ensuring that all pupils enjoy and achieve their personal best.

Logistics committee - to have delegated powers to:

Exercise the powers and duties of the Board of Trustees in respect of the financial administration of the Academy, except for those items delegated to the Headteacher and other staff. Keep under view the effectiveness of the Academy's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most efficient and effective manner.

To consider issues relating to health and safety including regular monitoring of risk assessments for school visits and to review health and safety manuals and undertake regular inspections of the school premises.

Appointments committee - to have delegated powers to:

Appoint short term, temporary and support staff, they may also appoint head and deputy head teachers alongside the Board of Trustees.

Complaints committee - to have delegated powers to:

Hear any complaints with the exception of curriculum issues in line with the school's complaints procedure.

Teaching and Learning committee - to have delegated powers to:

Set targets and monitor performance against these, to consider all curriculum issues and review teaching, learning and curriculum policies. To deal with pay-grading, redeployment and redundancy, disciplinary issues, and consider all personnel issues.

Inclusion committee - to have delegated powers to:

Hear all permanent and fixed term exclusions, monitor pupils behaviour and attendance and monitor the progress of vulnerable pupils.

#### ***Arrangements for setting pay and remuneration of key management personnel***

The pay and remuneration of key management personnel is set according to the Teachers' pay and conditions document which is reviewed annually. All senior leadership's salaries are set within the boundaries of the school's ISR and this is agreed by Trustees. The academy's appraisal policy is used to determine any pay increase within the parameters set for members of the senior leadership team.

#### ***Trade union facility time***

There was no trade union facility time.

#### ***Risk management***

The Academy has a system of internal control including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

Each year members of the finance sub-committee undertake a comprehensive review of risks to which the Academy may be exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented.

A risk register is maintained by the Academy which is reviewed every term by the Logistics committee.

## **Huntcliff Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2018 (continued)**

#### ***Connected organisations, including related party relationships***

Huntcliff Academy Trust is an independent academy. There are no connected organisations.

#### **Objectives and activities**

##### ***Objects and aims***

Huntcliff Academy Trust's principal object is to advance for the public benefit education in the United Kingdom, in particular but without prejudice, establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. To this end it now runs an academy aspiring towards the highest standards for pupils between the ages of 11-16.

##### ***Objectives, strategies and activities***

The overriding object of Huntcliff School is to provide first class education to pupils of all abilities in the 11-16 age range. Obviously linked to this purpose is the aim that the Academy contributes to the public good through the provision of educational activities and extra-curricular activities and aims to be of considerable benefit to the local community.

Huntcliff School is a community where we all aspire to be successful to improve on our personal best and to strive for excellence in all that we do.

Our staff, Trustees and parents have high expectations of ourselves and our children. We want them to be given the opportunities to succeed and to challenge them to greater heights.

With this in mind, we have dedicated, talented, enthusiastic staff who work together to ensure that the teaching and quality of provision, is organised to meet the need of each individual pupil.

We are very proud of our achievements and we are keen to celebrate success at all levels. We place high standards of discipline within the context of care, warmth and good humour. It is important to us that all members of the school community are treated with respect and are allowed to thrive as individuals.

We are committed to providing the highest quality of education for all of our pupils to prepare them for life in the world of work as active, healthy, caring and well-skilled members of the global community.

The main strategies for improvement for academic year 2018/2019 are:

- To increase the attainment and progress of all pupils in English and mathematics
- To increase the achievement of all pupils
- To improve pupils' literacy and numeracy skills across the curriculum
- To close the gaps, ensuring that pupils make similar progress to their peers including the Pupil Premium cohort and children in care.
- To develop further teaching and learning strategies,
- To ensure that our more able pupils achieve their potential
- To reduce in-school variance at GCSE across the curriculum
- To develop further pupils' independent study skills and habits

##### ***Public benefit***

The academy trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance provided by the Charity Commission.

## **Huntcliff Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### **Achievements and performance**

###### **Key financial performance indicators:**

A benchmarking exercise is carried out with other similar academies locally and nationally to ensure expenditure is comparable and appropriate. The academy benchmarked staffing, both teaching and non-teaching staff, educational operations and premises expenses and found in all cases that the academy was in line with other schools of the same size, nationally and locally.

###### **Key non-financial indicators:**

Pupils continue to make progress that is broadly in line with national averages (2017/18 provisional progress 8 score -0.08. National 0.00):

The Academy was inspected by Ofsted in June 2015 and was judged to be "Good" in all its aspects. Section 8 inspection in November 2016 maintained the Good judgement in all aspects.

Pupil attendance is broadly in line with national averages (Sept 2017 – July 2018 = 94.3%. National = 94.8%).

Fixed term exclusions remain comparatively low with two pupils accounting for the vast majority of fixed term exclusions in 2017/18.

Pupil numbers continue to increase. September 2018 saw a net gain of 83 students joining the school in Year 7. In addition we continue to admit above average numbers of in-year admissions. Currently whole school pupil number stands at 612.

All safe-guarding procedures are in place and fit for purpose.

Quality Standard Careers Gold Award 2018

Inclusion Quality Mark – Centre of Excellence in July 2017. Successfully re-accredited July 2018.

##### ***Going concern***

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### **Financial review**

The main source of funding is the General Annual Grant (GAG) which provides funding for pupils aged 11-16. In addition the Local Authority continues to manage the SEN (Special Educational Needs) funding; the ESFA also administers the Pupil Premium funding. Smaller ad hoc grants continue to be available, i.e. sports development.

During the year ended 31st August 2018, total expenditure of £3,434,291 (2017: £3,239,594) was covered by grant funding from the DfE together with incoming resources and brought forward reserves. The excess of expenditure over income, before the pension deficit, for the year and excluding restricted fixed asset funds was a deficit of £8,266 (2017: deficit £57,483).

##### ***Financial and risk management objectives and policies***

The Academy Trust, by nature of its work, has limited exposure to financial risks such as credit, cash flow and liquidity risks. The Academy Trust provides for its employees through the Teachers' Pension Scheme and East Riding Pension Fund.



## Huntcliff Academy Trust

### Trustees' Annual Report for the Year Ended 31 August 2018 (continued)

#### Strategic Report

##### *Reserves policy*

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be equivalent to one month's expenditure, approximately £238k.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted pension fund) is £271,613 (2017: £279,879). This appears reasonable and is broadly in line with the policy noted above.

Steps are being taken to eliminate the pension scheme deficit as contributions have increased since converting to an Academy. It is possible that the deficit can have an effect on the cash flow of the academy, as it may mean the contributions will have to change again in the future.

The Academy held fund balances at 31 August 2018 of £5,382,991 (2017: £5,316,346) comprising: £5,782,378 (2017: £5,891,467) of restricted fixed asset funds, £172,278 (2017: £204,217) of restricted general funds, £99,335 (2017: £75,662) of unrestricted general funds and a pension reserve deficit of £671,000 (2017: £855,000).

Included within the restricted fixed asset fund is £5,629,978 (2017: £5,891,467) which can only be realised by disposing of tangible fixed assets.

##### *Investment policy*

The Academy has an Investment Policy which is fully adhered to and all current investments are in short-term interest earning, low risk savings accounts.

The Academy seeks to produce the best financial return with an acceptable level of risk. The investment objective over the short term is to generate a real return above inflation per annum, after expenses where the economical climate allows. The investment objective over the long term (3 years plus) is to generate a return above inflation, where the economical climate allows. This should allow the academy to at least maintain the real value of assets.

##### *Principal risks and uncertainties*

The Academy has an effective system of internal financial controls. The Members and Trustees have reviewed current examples of best practice and have set policies on internal controls which cover the following:

- funding per pupil will alter as the National Funding formula is gradually implemented. Staff costs, (pension, NI and salary) plus utility bills increases. Additional pay rises granted in 2017/2018 affected the overall spend;
- increased competition from local schools;
- changes to the funding formula;
- the type of risks the Academy faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise;
- the costs of operating particular controls relative to the benefits obtained.
- clarified the responsibility of the Senior Leadership Team to implement the Trustees' policies and to identify and evaluate risks for the Trustees' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy;
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken.

## **Huntcliff Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### ***Fundraising***

A small level of fundraising is carried out at the Academy. It is not carried out by a commercial participator or professional fundraiser. No complaints have been received about the fundraising carried out at the Academy.

The Academy does not heavily promote fundraising activities and there is no undue pressure placed on a person to give money or other property. The fundraising activities are not formally monitored due to the small scale of activities carried out.

##### ***Plans for future periods***

Huntcliff Academy Trust will continue to strive to improve further the educational achievement and attainment of all pupils and to offer an enriched educational experience preparing pupils for post 16 learning.

Our key targets for 2018 -2019 are:

- To increase the attainment and progress of all pupils in English and mathematics
- To increase the achievement of all pupils
- To improve pupils' literacy and numeracy skills across the curriculum
- To close the gaps, ensuring that pupils make similar progress to their peers including the Pupil Premium cohort and children in care.
- To develop further teaching and learning strategies,
- To ensure that our more able pupils achieve their potential
- To reduce in-school variance at GCSE across the curriculum
- To develop further pupils' independent study skills and habits

This year we are to explore additional funding to enable us to provide our pupils with enhanced sports facilities.

The trustees will continue to explore opportunities for more formal partnerships with other academies.

The academy is currently reviewing options to become a Multi Academy Trust.

## Huntcliff Academy Trust

### Trustees' Annual Report for the Year Ended 31 August 2018 (continued)

#### **Auditor**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### ***Reappointment of auditor***

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Forrester Boyd as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Annual Report, incorporating a directors' report and strategic report, was approved by order of the members of the Board of Trustees on 19 November 2018 and signed on its behalf by:



.....  
Dr P Frankish  
Governor and trustee

# Huntcliff Academy Trust

## Governance Statement

### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Huntcliff Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Huntcliff Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Annual Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
S A Bond	0	0
N A Cooke	1	3
P Daley	3	3
M Dickinson	2	2
M Dulson	2	3
Dr P Frankish	3	3
E E Gibbs	2	3
I Haywood	2	3
A Millward	2	2
A Naish	0	0
J E Sugden	1	1
R L Whipps	3	3
A C Willey	3	3
J G Wigmore	3	3

### Governance reviews

A skills audit has been completed in the year showing that the board is balanced and has sufficient expertise required.

Key changes of the board of trustees included two resignations and no end of term office. A Parent Trustee election was held and one trustee was duly appointed. The vacancies were advertised and two community trustees were appointed by the members. The trustees appointed have expertise in Health and Safety and in Education Inclusion.

The trustees have a series of sub committees that meet termly prior to each Full Board of Trustees Meeting to monitor performance in key areas such as staffing, teaching and learning, inclusion, finance, pupil standards and progress and health and safety.

Senior Leaders prepare high quality data which is used to evaluate the performance of the school and inform future planning for further improvement.

The Logistics Committee is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. Attendance at meetings during the year was as follows:

## Huntcliff Academy Trust

### Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
S A Bond	1	1
N A Cooke	3	4
P Daley	4	4
M Dickinson	1	4
I Haywood	4	4
Dr P Frankish	4	4
A Millward	3	4
J E Sugden	0	3
R L Whipps	4	4
J G Wigmore	1	4

#### Review of value for money

As accounting officer the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Targeting resources in key subject areas such as English and mathematics and for those pupils for whom we receive the pupil premium grant and year 7 catch up funding
- All Service Level Agreements have been renegotiated to ensure best value has been obtained
- The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties.
- Effective self evaluation of teaching and learning and prioritising areas for development. Funding is spent on CPD and resources that support this improvement.
- Best value for services and resources. For the purchasing of services and resources we obtain three quotes so that we can ensure the most competitive price thus enabling us to get the best mix of quality and effectiveness for the least cost.

Tenders during the year include the photocopying/copier contract and the catering contract. The catering contract was tendered with 4 other schools.

Additional funding was obtained via a Capital Improvement Fund for improvement and repair to the roof.

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Huntcliff Academy Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

#### Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

## **Huntcliff Academy Trust**

### **Governance Statement (continued)**

#### **The risk and control framework**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Logistics Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Forrester Boyd, the external auditor, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

Testing purchase systems;  
Testing bank systems;  
Review of VAT and tax;  
Review of academy documentation.

On a periodic basis, at least 4 areas a year, the reviewer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustee's financial responsibilities.

The reviewer has delivered their schedule of work as planned and there were no material control or other issues reported by the Internal Reviewer to date.

#### **Review of effectiveness**

As Accounting Officer, P Daley has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

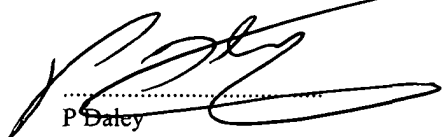
- the work of the internal reviewer ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Logistics Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## Huntcliff Academy Trust

### Governance Statement (continued)

Approved by order of the members of the Board of Trustees on 19 November 2018 and signed on its behalf by:



P Daley  
Accounting officer  
Governor and trustee



Dr P Frankish  
Governor and trustee

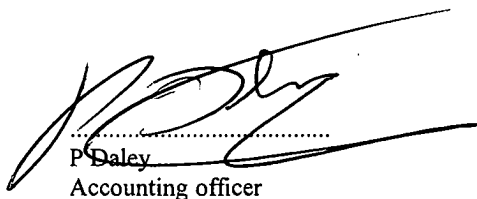
## **Huntcliff Academy Trust**

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Huntcliff Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



.....  
P Daley  
Accounting officer

19 November 2018



## Huntcliff Academy Trust

### Statement of Trustees' Responsibilities

The Trustees (who act as the governors of Huntcliff Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

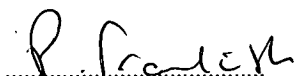
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board on 19 November 2018 and signed on its behalf by:



Dr P Frankish  
Governor and trustee

## **Huntcliff Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Huntcliff Academy Trust**

#### **Opinion**

We have audited the financial statements of Huntcliff Academy Trust (the 'Academy Trust') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report (incorporating the Strategic Report and the Directors' Report) other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Huntcliff Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Huntcliff Academy Trust (continued)**

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (incorporating the Strategic Report and the Directors' Report), for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 15], the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

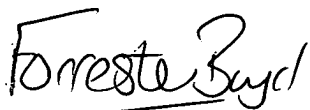
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Huntcliff Academy Trust**

**Independent Auditor's Report on the Financial Statements to the Members of Huntcliff Academy Trust (continued)**



Kevin Hopper ACA (Senior Statutory Auditor)  
For and on behalf of Forrester Boyd, Statutory Auditor

26 South Saint Mary's Gate  
Grimsby  
N E Lincolnshire  
DN31 1LW

19 November 2018

## **Huntcliff Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to Huntcliff Academy Trust and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 10 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Huntcliff Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Huntcliff Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Huntcliff Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Huntcliff Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Huntcliff Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Huntcliff Academy Trust's funding agreement with the Secretary of State for Education dated 23 January 2012 and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

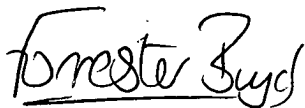
- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and Key Management personnel.

## Huntcliff Academy Trust

### Independent Reporting Accountant's Report on Regularity to Huntcliff Academy Trust and the Education & Skills Funding Agency (continued)

#### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
Kevin Hopper ACA, Reporting Accountant  
For and on behalf of Forrester Boyd  
26 South Saint Mary's Gate  
Grimsby  
N E Lincolnshire  
DN31 1LW

19 November 2018

# Huntcliff Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017/18 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	1,340	-	367,861	369,201
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,815,482	-	2,815,482
Other trading activities	4	33,974	-	-	33,974
Investments	5	2,279	-	-	2,279
Total		37,593	2,815,482	367,861	3,220,936
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	13,920	2,943,421	476,950	3,434,291
Net income/(expenditure)		23,673	(127,939)	(109,089)	(213,355)
<b>Other recognised gains and losses</b>					
Actuarial gains / (losses) on defined benefit pension schemes	24	-	280,000	-	280,000
Net movement in funds/(deficit)		23,673	152,061	(109,089)	66,645
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2017		75,662	(650,783)	5,891,467	5,316,346
Total funds/(deficit) carried forward at 31 August 2018		99,335	(498,722)	5,782,378	5,382,991

Comparative figures are stated on page 22.

# Huntcliff Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)


	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2016/17 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	123	-	12,859	12,982
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,888,432	-	2,888,432
Other trading activities	4	45,584	-	-	45,584
Investments	5	2,599	-	-	2,599
Total		48,306	2,888,432	12,859	2,949,597
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	17,870	2,958,022	263,702	3,239,594
Net income/(expenditure)		30,436	(69,590)	(250,843)	(289,997)
Transfers between funds		-	(18,329)	18,329	-
<b>Other recognised gains and losses</b>					
Actuarial gains / (losses) on defined benefit pension schemes	24	-	371,000	-	371,000
Net movement in funds/(deficit)		30,436	283,081	(232,514)	81,003
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2016		45,226	(933,864)	6,123,981	5,235,343
Total funds/(deficit) carried forward at 31 August 2017		75,662	(650,783)	5,891,467	5,316,346



**Huntcliff Academy Trust**  
**(Registration number: 07897108)**  
**Balance Sheet as at 31 August 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	5,629,978	5,891,467
<b>Current assets</b>			
Debtors	12	59,946	39,802
Cash at bank and in hand		543,664	338,862
		603,610	378,664
Creditors: Amounts falling due within one year	13	(119,955)	(98,785)
Net current assets		483,655	279,879
Total assets less current liabilities		6,113,633	6,171,346
Creditors: Amounts falling due after more than one year	14	(59,642)	-
Net assets excluding pension liability		6,053,991	6,171,346
Pension scheme liability	24	(671,000)	(855,000)
Net assets including pension liability		5,382,991	5,316,346
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		172,278	204,217
Restricted fixed asset fund		5,782,378	5,891,467
Restricted pension fund		(671,000)	(855,000)
		5,283,656	5,240,684
<b>Unrestricted funds</b>			
Unrestricted general fund		99,335	75,662
Total funds	15	5,382,991	5,316,346

The financial statements on pages 21 to 42 were approved by the Trustees, and authorised for issue on 19 November 2018 and signed on their behalf by:

  
 Dr P Frankish  
 Governor and trustee

## Huntcliff Academy Trust

### Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(227,114)	31,745
Cash flows from investing activities	21	363,753	(15,730)
Cash flows from financing activities	20	<u>68,163</u>	<u>-</u>
Change in cash and cash equivalents in the year		204,802	16,015
Cash and cash equivalents at 1 September		<u>338,862</u>	<u>322,847</u>
Cash and cash equivalents at 31 August	22	<u><u>543,664</u></u>	<u><u>338,862</u></u>

# **Huntcliff Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2018**

### **1 Accounting policies**

#### **General information**

The academy trust is a private company limited by guarantee and incorporated in the United Kingdom.

The address of its registered office is:

Huntcliff Academy Trust  
Redbourne Mere  
Kirton-in-Lindsey  
Gainsborough  
Lincolnshire  
DN21 4NN

These financial statements were authorised for issue by the Board on 19 November 2018.

#### **Statement of accounting policies**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

#### **Basis of preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company and have been rounded to the nearest pound.

The financial statements cover the individual entity Huntcliff Academy Trust.

Huntcliff Academy Trust meets the definition of a public benefit entity under FRS102.

#### **Going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Income**

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

## **Huntcliff Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **1, Accounting policies (continued)**

##### ***Grants***

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

##### ***Donations***

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

##### ***Other income***

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

##### ***Expenditure***

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### ***Expenditure on raising funds***

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

##### ***Charitable activities***

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 1 Accounting policies (continued)

#### Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Asset class	Depreciation method and rate
Leasehold land	125 years straight line
Leasehold buildings	27.65 years straight line
Fixtures, fittings and equipment	25%, 20% and 33% straight line
Motor vehicles	25% straight line

#### Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Long term leasehold properties:

The land and buildings are held on a 125 year lease with North Lincolnshire Council. They were recognised as an asset on conversion and are being depreciated accordingly.

#### Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

## **Huntcliff Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **1 Accounting policies (continued)**

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at transaction price less any provision for impairment. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at transaction price. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Pension benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

#### **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 1 Accounting policies (continued)

#### *Critical accounting estimates and assumptions*

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	2017/18 Total £	2016/17 Total £
Educational trips and visits	1,340	-	1,340	123
Capital grants	-	367,861	367,861	12,859
	<u>1,340</u>	<u>367,861</u>	<u>369,201</u>	<u>12,982</u>

### 3 Funding for the Academy Trust's educational operations

	Restricted funds £	2017/18 Total £	2016/17 Total £
<b>DfE/ESFA revenue grants</b>			
General Annual Grant	2,618,211	2,618,211	2,685,969
Pupil premium	126,008	126,008	120,876
Other DfE grants	17,584	17,584	15,010
	<u>2,761,803</u>	<u>2,761,803</u>	<u>2,821,855</u>
<b>Other government grants</b>			
Other government grant	-	-	9,990
Local Authority Statement Funding	53,679	53,679	56,587
	<u>53,679</u>	<u>53,679</u>	<u>66,577</u>
<b>Total grants</b>	<u>2,815,482</u>	<u>2,815,482</u>	<u>2,888,432</u>

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 4 Other trading income

	Unrestricted funds £	2017/18 Total £	2016/17 Total £
Hire of facilities	3,590	3,590	3,325
Catering income	4,490	4,490	-
Other sales	25,894	25,894	42,259
	<u>33,974</u>	<u>33,974</u>	<u>45,584</u>

### 5 Investment income

	Unrestricted funds £	2017/18 Total £	2016/17 Total £
Short term deposits	<u>2,279</u>	<u>2,279</u>	<u>2,599</u>

### 6 Expenditure

	Non Pay Expenditure			2017/18 Total £	2016/17 Total £
	Staff costs £	Premises £	Other costs £		
<b>Academy's educational operations</b>					
Direct costs	2,024,141	-	148,516	2,172,657	2,210,044
Allocated support costs	<u>402,340</u>	<u>668,807</u>	<u>190,487</u>	<u>1,261,634</u>	<u>1,029,550</u>
	<u>2,426,481</u>	<u>668,807</u>	<u>339,003</u>	<u>3,434,291</u>	<u>3,239,594</u>

### Net income/(expenditure) for the year includes:

	2017/18 £	2016/17 £
Fees payable to auditor - audit	6,695	6,500
Fees payable to auditor - other services	5,515	2,950
Depreciation	267,878	263,702
Operating leases	<u>6,296</u>	<u>6,476</u>



# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 7 Charitable activities

		2017/18 £	2016/17 £
Direct costs - educational operations		2,172,657	2,210,044
Support costs - educational operations		<u>1,261,634</u>	<u>1,029,550</u>
		<u>3,434,291</u>	<u>3,239,594</u>
	<b>Educational operations £</b>	<b>2017/18 Total £</b>	<b>2016/17 Total £</b>
<b>Analysis of support costs</b>			
Support staff costs	402,340	402,340	316,296
Depreciation	267,876	267,876	263,702
Technology costs	3,980	3,980	7,731
Premises costs	400,931	400,931	214,929
Other support costs	164,161	164,161	203,607
Governance costs	<u>22,346</u>	<u>22,346</u>	<u>23,285</u>
Total support costs	<u>1,261,634</u>	<u>1,261,634</u>	<u>1,029,550</u>

### 8 Staff

#### Staff costs

	2017/18 £	2016/17 £
<b>Staff costs during the year were:</b>		
Wages and salaries	1,818,094	1,797,984
Social security costs	163,233	169,026
Pension costs	<u>381,311</u>	<u>374,899</u>
	2,362,638	2,341,909
Supply teacher costs	<u>63,843</u>	<u>12,601</u>
	<u>2,426,481</u>	<u>2,354,510</u>

#### Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2017/18 No	2016/17 No
<b>Charitable Activities</b>		
Teachers	29	29
Administration and support	34	34
Management	<u>5</u>	<u>4</u>
	<u>68</u>	<u>67</u>

## Huntcliff Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 8 Staff (continued)

##### Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018 No	2017 No
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£90,001 - £100,000	-	1

##### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £436,110 (2017: £400,791).

#### 9 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment. The value of trustees' remuneration and other benefits was as follows:

##### S A Bond (Headteacher (resigned)):

Remuneration: £5,000 - £10,000 (2017 - £90,000 - £95,000)

Employer's pension contributions: £0 - £5,000 (2017 - £15,000 - £20,000)

##### M Dulson (staff trustee):

Remuneration: £15,000 - £20,000 (2017 - £15,000 - £20,000)

Employer's pension contributions: £0 - £5,000 (2017 - £0 - £5,000)

##### T O Lewis (staff trustee (resigned)):

Remuneration: (2017 - £5,000 - £10,000)

Employer's pension contributions: (2017 - £0 - £5,000)

##### H M F Turney (staff trustee (resigned)):

Remuneration: (2017 - £5,000 - £10,000)

Employer's pension contributions: (2017 - £0 - £5,000)

##### P Daley (Headteacher):

Remuneration: £70,000 - £75,000 (2017 - )

Employer's pension contributions: £10,000 - £15,000 (2017 - )

##### A Naish (Teacher):

Remuneration: £35,000 - £40,000 (2017 - )

Employer's pension contributions: £5,000 - £10,000 (2017 - )

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017 - £467) were reimbursed or paid directly to 0 trustees (2017 - 1).

Other related party transactions involving the trustees are set out in note 25.

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 10 Trustees' and officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

### 11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and fixtures £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 September 2017	7,028,315	303,022	19,650	7,350,987
Additions	-	6,387	-	6,387
At 31 August 2018	<u>7,028,315</u>	<u>309,409</u>	<u>19,650</u>	<u>7,357,374</u>
<b>Depreciation</b>				
At 1 September 2017	1,199,635	241,868	18,017	1,459,520
Charge for the year	<u>240,501</u>	<u>26,762</u>	<u>613</u>	<u>267,876</u>
At 31 August 2018	<u>1,440,136</u>	<u>268,630</u>	<u>18,630</u>	<u>1,727,396</u>
<b>Net book value</b>				
At 31 August 2018	<u>5,588,179</u>	<u>40,779</u>	<u>1,020</u>	<u>5,629,978</u>
At 31 August 2017	<u>5,828,680</u>	<u>61,154</u>	<u>1,633</u>	<u>5,891,467</u>

Included within leasehold land and buildings is £5,588,179 (2017: £5,828,680) relating to long leasehold land and buildings.

### 12 Debtors

	2018 £	2017 £
Trade debtors	1,999	1,540
Prepayments	15,864	5,940
Accrued grant and other income	42,083	19,967
VAT recoverable	-	12,355
	<u>59,946</u>	<u>39,802</u>

## Huntcliff Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 13 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	16,630	6,717
Other taxation and social security	41,158	45,492
Other creditors	8,930	-
Pension scheme creditor	36,358	39,076
Accruals	16,879	7,500
	<u>119,955</u>	<u>98,785</u>

Included within other creditors is a loan of £8,521 from Salix which is provided on the following terms: an interest free loan which will be repaid on a straight line basis over 8 years.

#### 14 Creditors: amounts falling due after one year

	2018 £
Other creditors	<u>59,642</u>

Included within other creditors is a loan of £59,642 from Salix which is provided on the following terms: an interest free loan which will be repaid on a straight line basis over 8 years.

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 15 Funds

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant	194,948	2,618,211	(2,670,382)	-	142,777
Pupil Premium Grant	9,269	126,008	(108,528)	-	26,749
SEN & Other LA	-	53,678	(50,926)	-	2,752
Other DfE income	-	17,585	(17,585)	-	-
	<u>204,217</u>	<u>2,815,482</u>	<u>(2,847,421)</u>	<u>-</u>	<u>172,278</u>
<b>Restricted fixed asset funds</b>					
DfE Capital Grants	104,985	367,861	(209,072)	-	263,774
Donated Assets from Local Authority	5,699,309	-	(235,346)	-	5,463,963
Capital expenditure from GAG	<u>87,173</u>	<u>-</u>	<u>(32,532)</u>	<u>-</u>	<u>54,641</u>
	5,891,467	367,861	(476,950)	-	5,782,378
<b>Restricted pension funds</b>					
Pension Liability	<u>(855,000)</u>	<u>-</u>	<u>(96,000)</u>	<u>280,000</u>	<u>(671,000)</u>
Total restricted funds	5,240,684	3,183,343	(3,420,371)	280,000	5,283,656
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>75,662</u>	<u>37,593</u>	<u>(13,920)</u>	<u>-</u>	<u>99,335</u>
Total funds	<u>5,316,346</u>	<u>3,220,936</u>	<u>(3,434,291)</u>	<u>280,000</u>	<u>5,382,991</u>

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 15 Funds (continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant	199,867	2,685,969	(2,672,559)	(18,329)	194,948
Pupil Premium Grant	9,269	142,334	(142,334)	-	9,269
SEN & Other LA	-	35,129	(35,129)	-	-
Other DfE income	-	15,010	(15,010)	-	-
Other government grants	-	9,990	(9,990)	-	-
	<u>209,136</u>	<u>2,888,432</u>	<u>(2,875,022)</u>	<u>(18,329)</u>	<u>204,217</u>
<b>Restricted fixed asset funds</b>					
DfE Capital Grants	120,483	12,859	(28,357)	-	104,985
Donated Assets from Local Authority	5,934,654	-	(235,345)	-	5,699,309
Capital expenditure from GAG	<u>68,844</u>	<u>-</u>	<u>-</u>	<u>18,329</u>	<u>87,173</u>
	6,123,981	12,859	(263,702)	18,329	5,891,467
<b>Restricted pension funds</b>					
Pension Liability	<u>(1,143,000)</u>	<u>-</u>	<u>(83,000)</u>	<u>371,000</u>	<u>(855,000)</u>
Total restricted funds	5,190,117	2,901,291	(3,221,724)	371,000	5,240,684
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>45,226</u>	<u>48,306</u>	<u>(17,870)</u>	<u>-</u>	<u>75,662</u>
Total funds	<u>5,235,343</u>	<u>2,949,597</u>	<u>(3,239,594)</u>	<u>371,000</u>	<u>5,316,346</u>

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 15 Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant	199,867	5,304,180	(5,342,941)	(18,329)	142,777
Pupil Premium Grant	9,269	268,342	(250,862)	-	26,749
SEN & Other LA	-	88,807	(86,055)	-	2,752
Other DfE income	-	32,595	(32,595)	-	-
Other government grants	-	9,990	(9,990)	-	-
	<u>209,136</u>	<u>5,703,914</u>	<u>(5,722,443)</u>	<u>(18,329)</u>	<u>172,278</u>
<b>Restricted fixed asset funds</b>					
DfE Capital Grants	120,483	380,720	(237,429)	-	263,774
Donated Assets from Local Authority	5,934,654	-	(470,691)	-	5,463,963
Capital expenditure from GAG	<u>68,844</u>	<u>-</u>	<u>(32,532)</u>	<u>18,329</u>	<u>54,641</u>
	<u>6,123,981</u>	<u>380,720</u>	<u>(740,652)</u>	<u>18,329</u>	<u>5,782,378</u>
<b>Restricted pension funds</b>					
Pension Liability	<u>(1,143,000)</u>	<u>-</u>	<u>(179,000)</u>	<u>651,000</u>	<u>(671,000)</u>
Total restricted funds	5,190,117	6,084,634	(6,642,095)	651,000	5,283,656
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>45,226</u>	<u>85,899</u>	<u>(31,790)</u>	<u>-</u>	<u>99,335</u>
Total funds	<u>5,235,343</u>	<u>6,170,533</u>	<u>(6,673,885)</u>	<u>651,000</u>	<u>5,382,991</u>

The specific purposes for which the funds are to be applied are as follows:

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Local Authority Statement funding is provided for the provision of services for children with special educational needs and is included in other DfE grant income.

Pupil Premium Grant may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year.

Devolved capital either allocated direct by the DfE or transferred on conversion from the local authority must be spent on capital purposes.

Capital expenditure from GAG income is made up of any fixed assets purchased during the year and the expense is the depreciation relating to these additions.

Restricted Pension funds represents the LGPS pension deficit.

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 16 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	5,629,978	5,629,978
Current assets	99,335	283,712	220,563	603,610
Current liabilities	-	(111,434)	(8,521)	(119,955)
Creditors over 1 year	-	-	(59,642)	(59,642)
Pension scheme liability	-	(671,000)	-	(671,000)
Total net assets	<u>99,335</u>	<u>(498,722)</u>	<u>5,782,378</u>	<u>5,382,991</u>

Comparative information in respect of the preceding period is as follows:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	5,891,467	5,891,467
Current assets	75,662	303,002	-	378,664
Current liabilities	-	(98,785)	-	(98,785)
Pension scheme liability	-	(855,000)	-	(855,000)
Total net assets	<u>75,662</u>	<u>(650,783)</u>	<u>5,891,467</u>	<u>5,316,346</u>

### 17 Capital commitments

	2018 £
Contracted for, but not provided in the financial statements	<u>214,329</u>

### 18 Commitments under operating leases

#### Operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	6,296	6,296
Amounts due between one and five years	<u>12,592</u>	<u>18,888</u>
	<u>18,888</u>	<u>25,184</u>



# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 19 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2018 £	2017 £
Net expenditure	(213,355)	(289,997)
Depreciation	267,876	263,702
Capital grants from DfE and other capital income	(367,861)	(12,859)
Interest receivable	(2,279)	(2,599)
Defined benefit pension scheme cost less contributions payable	74,000	59,000
Defined benefit pension scheme finance cost	22,000	24,000
Increase in debtors	(20,144)	(2,965)
Increase/(decrease) in creditors	12,649	(6,537)
Net cash (used in)/provided by Operating Activities	<u>(227,114)</u>	<u>31,745</u>

### 20 Cash flows from financing activities

	2017/18 £
Cash inflows from new borrowing	<u>68,163</u>
Net cash provided by financing activities	<u>68,163</u>

### 21 Cash flows from investing activities

	2017/18 £	2016/17 £
Dividends, interest and rents from investments	2,279	2,599
Purchase of tangible fixed assets	(6,387)	(31,346)
Proceeds from sale of tangible fixed assets	-	158
Capital funding received from sponsors and others	<u>367,861</u>	<u>12,859</u>
Net cash provided by/(used in) investing activities	<u>363,753</u>	<u>(15,730)</u>

### 22 Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>543,664</u>	<u>338,862</u>
Total cash and cash equivalents	<u>543,664</u>	<u>338,862</u>

### 23 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

## **Huntcliff Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **24 Pension and similar obligations**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Riding Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £36,508 (2017 - £39,076) were payable to the schemes at 31 August and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### **Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £213,442 (2017: £211,156).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 24 Pension and similar obligations (continued)

#### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £117,000 (2017 - £129,000), of which employer's contributions totalled £94,000 (2017 - £105,000) and employees' contributions totalled £23,000 (2017 - £24,000). The agreed contribution rates for future years are 25 per cent for employers and 5 - 7 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

#### Principal actuarial assumptions

	2018 %	2017 %
Rate of increase in salaries	2.60	2.60
Rate of increase for pensions in payment/inflation	2.40	2.40
Discount rate for scheme liabilities	2.80	2.50

#### Sensitivity analysis

	2018 £	2017 £
0.5% decrease in real discount rate	335,000.00	327,000.00
0.5% increase in salary increase rate	65,000.00	68,000.00
0.5% increase in the pension increase rate	265,000.00	253,000.00
Mortality assumption – 1 year increase	85,000.00	110,000.00

The current mortality assumptions include sufficient allowance for future improvements in the mortality rates. The assumed life expectations on retirement age 65 are:

	2018	2017
<b>Retiring today</b>		
Males retiring today	21.70	21.70
Females retiring today	24.20	24.20
<b>Retiring in 20 years</b>		
Males retiring in 20 years	23.70	23.70
Females retiring in 20 years	26.40	26.40

The academy trust's share of the assets in the scheme were:

	2018 £	2017 £
Equities	1,530,000	1,352,000
Corporate bonds	276,000	248,000
Property	255,000	210,000
Cash and other liquid assets	64,000	95,000
Total market value of assets	2,125,000	1,905,000

The actual return on scheme assets was £132,000 (2017 - £197,000).

# Huntcliff Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 24 Pension and similar obligations (continued)

#### Amounts recognised in the statement of financial activities

	2017/18 £	2016/17 £
Current service cost	168,000	164,000
Interest income	(49,000)	(35,000)
Interest cost	71,000	59,000
Total amount recognised in the SOFA	<u>190,000</u>	<u>188,000</u>

#### Changes in the present value of defined benefit obligations were as follows:

	2017/18 £	2016/17 £
At start of period	2,760,000	2,748,000
Current service cost	168,000	164,000
Interest cost	71,000	59,000
Employee contributions	23,000	24,000
Actuarial (gain)/loss	(197,000)	(209,000)
Benefits paid	<u>(29,000)</u>	<u>(26,000)</u>
At 31 August	<u>2,796,000</u>	<u>2,760,000</u>

#### Changes in the fair value of academy's share of scheme assets:

	2017/18 £	2016/17 £
At start of period	1,905,000	1,605,000
Interest income	49,000	35,000
Actuarial gain/(loss)	83,000	162,000
Employer contributions	94,000	105,000
Employee contributions	23,000	24,000
Benefits paid	<u>(29,000)</u>	<u>(26,000)</u>
At 31 August	<u>2,125,000</u>	<u>1,905,000</u>

### 25 Related party transactions

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.